



## Speech by SEC Chairman: Statement at SEC Open Meeting — Global Accounting Standards

by

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*U.S. Securities and Exchange Commission*

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Next, the Commission will vote on a draft statement that seeks to provide clarity about the Commission's position on the issue of global accounting standards.

For nearly 30 years, the Commission has consistently promoted the development of a single set of high-quality globally accepted accounting standards. I, too, support this goal, which I believe will inevitably lead the accounting standard-setters across the globe to work together to improve financial reporting in all markets, including in this country. U.S. GAAP can and should be improved by this process. So, too, should IFRS. As both of these bodies of standards improve — and hopefully do so in a manner that brings them closer to each other — investors will be better served.

I recognize that supporting the development of a single set of high-quality accounting standards is, in many respects, only the beginning of the discussion, not the end. We must still determine what this means for U.S. companies and markets; should we incorporate IFRS into our reporting system and, if so, when and how?

I have carefully considered the over 200 comment letters that the Commission received in response to its November 2008 Proposed Roadmap. In that Proposed Roadmap, the Commission asked commenters whether a series of suggested milestones were appropriate factors to consider when determining whether to incorporate IFRS into the reporting system for U.S. companies, or whether other factors should be considered.

Commenters generally supported the goal of having a single set of high-quality globally accepted accounting standards, but differed in their views about the approach in the Proposed Roadmap.

Incorporating IFRS into our financial reporting system would involve a significant undertaking. We must carefully consider and deliberate whether such a change is in the best interest of U.S. investors and markets.

And, if we decide that such a change best serves these interests, we must also provide for a sufficient transition time for those who prepare financial statements and those who use them.

As was the case when the Commission proposed the Roadmap in November 2008, we do not have all the information necessary to make these decisions today. But, we remain on a steady path to be in the position to make such a determination in 2011 — the target date that was identified in the Proposed Roadmap.

Today's Commission statement reaffirms our support for a single globally-

accepted standard, describes the issues that need to be further examined and analyzed, and lays out the events that must occur between now and 2011. Specifically, the convergence projects currently underway between the FASB and the International Accounting Standards Board, must first be successfully completed. And our staff must gather information to aid the Commission as it evaluates the impact that the use of IFRS by U.S. companies would have on our securities market. To this end, we have asked the staff to develop and execute a work plan, which the staff will discuss in more depth in a moment.

In 2011, upon conclusion of the fact-gathering and analysis set forth in the work plan — and assuming completion of the convergence projects — the Commission will then be in a position to determine whether to incorporate IFRS into the financial reporting system for U.S. public companies. Until that time, we will expect staff to provide periodic written public reports to the Commission on the progress of its efforts.

I have a number of staff members that I need to thank, both for pouring over the voluminous comments and helping us craft our Statement and work plan. From the Office of Chief Accountant, thank you to Jim Kroeker, Paul Beswick, Jeff Minton, Julie Erhardt, Nili Shah, and Jeff Cohan. From the Division of Corporation Finance, thanks to Meredith Cross, Brian Breheny, Wayne Carnall, Paul Dudek, Craig Olinger, Ellie Bavaria, and Tamara Brightwell. Thank you to our colleagues in the Office of International Affairs, specifically Liza McAndrew Moberg and Shauna Steele. From the Office of General Counsel, thanks to David Fredrickson and Bryant Morris. And from the Division of Risk, Strategy and Financial Innovation, thank you to Henry Hu and Josh White.

I'll now ask Jim Kroeker, our Chief Accountant, to explain the Commission Statement and staff work plan in more depth.

*<http://www.sec.gov/news/speech/2010/spch022410mls-accounting.htm>*